AN ACT concerning telecommunications; relating to broadband development; concerning income tax credits.

Be it enacted by the Legislature of the State of Kansas:

Section 1. (a) Any taxpayer that holds certificated telephone service territory in a rural area that is unable or unwilling to provide broadband service to customers in such rural area may elect to release those customers through the filing of a change of study area with the state corporation commission. Any taxpayer that makes such an election shall be entitled to a deduction from Kansas adjusted gross income in an amount equal to the amount of the value of the existing customers. The valuation of such deduction shall be the sum of the net cash flow of each customer to the company for the previous five years within the service territory in question and the state assessed value of the infrastructure serving those customers. The taxpayer may take 20% of the value, as determined above for five consecutive years, after the federal communications commission approves the change of study area application forwarded by the commission.

(b) To ensure that the existing customers of the local exchange carrier or electing carrier continue to be served, the local exchange carrier or electing carrier shall negotiate with the provider of broadband service that is willing to meet the performance requirements to continue serving the existing customers as the necessary infrastructure is installed.

(c) (1) "Broadband service" means a retail service that utilizes infrastructure with the capacity to transmit data to enable a subscriber to the service to originate and receive high-quality voice, data, graphics and video, without regard to delivery technology and that:

(A) Is capable of minimum download speeds of at least 25 megabits per second and minimum upload speeds of at least three megabits per second;

(B) provides an average latency of less than 100 milliseconds to enable the use of real-time communications; and

(C) provides subscribers with a minimum monthly data allowance of 150 gigabytes per month.

(2) "Rural area" means a county with an average population density of less than 100 persons per square mile, excluding the county seat, and
that is either:

(A) Not served by any broadband service provider; or

(B) served by a broadband service provider, but less than 10% of the persons in such county have access to broadband service.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.